

Smithian Political Economy I
Fall 2010
(Econ 895 008; CRN 79608)
Professor Daniel Klein
Wednesdays 4:30-7:10
Innovation Hall 209

Published course description: The course will explore the philosophy of Adam Smith and developments of its key facets, including liberty, justice, knowledge, and economic well-being. Much of the reading will be Smith himself, but readings will also treat of developments of Smithian ideas and themes. This part of the Smithian Political Economy sequence will give considerable attention to *The Theory of Moral Sentiments*, as it provides the ethical framework of Smith's major work on commerce, industry and public policy, *The Wealth of Nations*.

(Smithian Political Economy II is projected for Spring 2011, and an Smithian field exam Aug 2011; [link to sample exam](#) questions.)

The class format will be lecture and discussion, based on pre-assigned readings.

Composition of Course Grade:

1. **Attendance:** 7% of grade.
2. **Reading Discussion Leadership:** 6%
3. **Other (General) Class Participation:** 8% of grade.
4. **Weekly Point-Question Written Assignments on the Readings:** each assignment should be a minimum of 1, maximum of 2 pages; 20% of grade.
5. **Authorship of two comments at Journaltalk:** 6%
6. **McCloskey Assignment:** 5% of grade.
7. **Term paper:** 24 % of grade.
8. **Final Exam:** 24% of grade.

Required Readings:

- Adam Smith WN, TMS. Perhaps also Corr., EPS, LRBL, LJ.
- McCloskey, *Economical Writing*

Explanation of Term Papers:

Students will be required to do a major research project resulting in a paper. That paper is due the day of the final exam.

Other Responsibilities:

The Weekly Writing Assignments will be on two or three of the readings assigned for that week's lecture. Thus, you are expected to think critically about the readings. In class, we will devote time to general discussion, and the points you formulated in advance will help to ensure a good discussion.

Reading Discussion Leadership: Students will lead discussion on some of the assigned readings. When you lead discussion, you will present the paper in summary form, highlight its main interest for our purposes, and lead open discussion of the reading.

The *Final Exam* will be cumulative for all readings and class material.

Late Policy: For each weekday late I will subtract 5 percentage points from the paper score. Example: A paper on time worthy of an 80 will receive a 55 if exactly one week late. This is a heavy penalty so make every effort to get your papers in on time.

Getting Help: Four good ways to get help from me: (1) ask questions during class, (2) talk to me right after class, (3) come to my office hours, (4) e-mail me, (5) talk by phone – but I call you (email your ph number to me).

Format Guidelines for the Main Writing Assignment: Deviation from the following guidelines will result in lower scores on the assignment:

1. Papers must be typed, double-spaced, 12 point font, 1 inch margins.
2. Pages must be numbered. The number of pages begins on the page after the title page.
3. Include a title page (no numbering), with a title for your paper that states the main point or main issue of your paper. (Don't call it: "827 Term Paper"). The title page does not count as a page toward the length requirement.
4. **Don't right justify.**
5. At the end of the paper provide a list of referenced works, alphabetical by last name. A page with references does not count as a page toward the length requirement. In the paper use the citation format of the following example: . . . *greater availability of heroin led to an increase in usage (Wilson 1990, 25)*. The number 25 means page 25.
6. Avoid "we". You are an "I", not a "we."

Everyone will be expected to work from the Glasgow editions, first printed by Oxford UP and now available in [cheap reprint](#) from Liberty Fund. You are required to have their copy of this edition with them at the session.

COURSE PLAN

Explanation of page/paragraph reference: The paragraphs are numbered, so I refer to both pages and paragraphs: 326-327.16 means pages 326-327 paragraph 16. After the "decimal point" comes paragraph number(s).

1st Meeting: Unlocking Some of the Mystery of TMS: Key Passages with Key Ideas

1. Smith's organon: Jill's moral judgment/approval regarding the doings of Ted is to be treated as always enshrouded in a kind of sympathy with some spectator, say Joy, who

also observes and morally reacts to Ted's doings. Joy is often an imaginary being; and she may exist in Jill's subconscious. 163.4, 165.5, 193.12.

2. "Of Justice and Beneficence": 78-91
3. Two Kinds of Rules: "precise and accurate" and "loose, vague, and indeterminate": 175-176.11; 327.1-2.
4. The justices paragraphs – Or, Adam Smith's libertarian distributive justice: 269-270.9-11 (Don't neglect Smith's footnote!)
5. The four sources of moral approval: 326-327.16. Here Adam Smith is criticizing Francis Hutcheson's doctrine of a moral sense. Smith writes that in his own system the four sources of moral approval leave no place for a further moral sense. When Smith speaks of "the foregoing system," he refers to his own system.
6. An indication that WN is an annex of TMS: 340-42.36-37.

2nd Meeting: Starting from the beginning: TMS "Advertisement" p. 3; Part I: Of the Propriety of Action Consisting of Three Sections: 9-66.

3rd Meeting: TMS Part II: Of Merit and Demerit; or of the Objects of Reward and Punishment: 67-108.

4th Meeting: TMS Part III: Of the Foundation of our Judgments concerning our own Sentiments and Conduct, and of the Sense of Duty: 109-178.

5th Meeting: TMS Parts IV: Of the Effect of Utility upon the Sentiment of Approbation, and V: Of the Influence of Custom and Fashion upon the Sentiments of Moral Approbation and Disapprobation: 179-211.

6th Meeting: *Discussion of secondary literature*: Students pick from Article List 1 below, and lead the discussion.

7th Meeting: TMS Part VI: Of the Character of Virtue: 212-264

8th Meeting: TMS Part VII: Of Systems of Moral Philosophy: 265-342.

9th Meeting: WN, Bk I, Chs 1-7: 8-81

10th Meeting: WN, Bk I, Chs 8-10: 82-159

11th Meeting: *Discussion of secondary literature*: Students pick from Article List 2 below, and lead the discussion.

12th Meeting: WN, assigned pages TBA.

13th Meeting: WN, Corr., LJ, LRBL, EPS, assigned pages TBA.

14th Meeting: WN, Corr., LJ, LRBL, EPS, assigned pages TBA.

Secondary literature:

Article list 1: Ethics: Students are to choose from this list and lead the discussion:

- Ashraf, Nava, Colin F. Camerer, and George Loewenstein. 2005. Adam Smith, Behavioral Economist. *Journal of Economic Perspectives* 19(3): 131-145.
- Coase, Ronald H. ([1976]) 1994. Adam Smith's View of Man. In his *Essays on Economics and Economists*. Chicago: University of Chicago Press, 95-116.
- Forman-Barzilai, Fonna. 2005. Sympathy in Space(s): Adam Smith on Proximity. *Political Theory* 33(2): 189-217.
- Hayek, Friedrich A. 1946. Individualism: True and False. In his *Individualism and Economic Order*. Chicago: University of Chicago Press, 1948, 1-32.
- Klein, Daniel B. 2010, forthcoming. Unfolding the Allegory behind Market Communication and Social Error and Correction. *The Adam Smith Review*, forthcoming. [Link](#).
- Macfie, Alec. 1971. The Invisible Hand of Jupiter. *Journal of the History of Ideas* 32(4): 595-599.
- McCloskey, Deirdre. 2008. Adam Smith, the Last of the Former Virtue Ethicists. *History of Political Economy* 40(1): 43-71.
- Morrow, Glenn R. 1927. Adam Smith: Moralism and Philosopher. *Journal of Political Economy* 35(3): 321-342.
- Otteson, James. 2002. Adam Smith's Marketplace of Morals. *Archiv f. Gesch. d. Philosophie* 84, S.: 190-211.
- Paganelli, Maria Pia. 2008. The Adam Smith Problem in Reverse: Self-interest in *The Wealth of Nations* and *The Theory of Moral Sentiments*. *History of Political Economy* 40(2): 365-382.
- Prasch, Robert and Thierry Warin. 2009. Il est encore plus important de bien faire que de bien dire: A Translation and Analysis of Dupont de Nemours' 1788 letter to Adam Smith. *History of Economics Review*, No. 49, forthcoming. [Link](#)

Article list 2: Political Economy: Students are to choose from this list and lead the discussion:

- Anderson, Gary M., William F. Shughart III, and Robert D. Tollison. 1985. Adam Smith in the Customhouse. *Journal of Political Economy* 93(4): 740-759.
- Bentham, Jeremy. 2008. Gulphs in Mankind's Career of Prosperity: A Critique of Adam Smith on Interest Rate Restrictions [A selection of Bentham's *Defence of Usury*]. *Econ Journal Watch* 5(1): 66-77. [Link](#)
- Richardson, G.B. 1975. Adam Smith on Competition and Increasing Returns. In A.S. Skinner and T. Wilson, ed., *Essays on Adam Smith*. Oxford: Clarendon Press: 350-360.
- Rothschild, Emma. 1992. Adam Smith and Conservative Economics. *Economic History Review* 45(1): 74-96.

Stigler, George J. 1971. "Smith's Travels on the Ship of State," *History of Political Economy*, Fall. Reprinted in Stigler's *The Economist as Preacher and Other Essays*, 136-45. Chicago: University of Chicago Press.

Viner, Jacob. 1927. Adam Smith and Laissez Faire. *Journal of Political Economy* 35(2): 198-232.

West, Edwin G. 1997. Adam Smith's Support for Money and Banking Regulation: A Case of Inconsistency. *Journal of Money, Credit and Banking* 29(1): 127-134.

Article list 3: These are others we might refer to:

Barry, Norman. 1982. The Tradition of Spontaneous Order. *Literature of Liberty* 2(2), Summer, 7-58. [Link](#)

Cannan, Edwin. 1928. Adam Smith as an Economist: The Gospel of Mutual Services. In Cannan's *An Economist Protest*. New York: Adelphi: 417-430. The chapter is reprinted from *Economica* no. 17 (June): 123-34, but the subtitle is new to the 1928 appearance.

Gregg, Samuel. 2009. Metaphysics and Modernity: Natural Law and Natural Rights in Gershom Carmichael and Francis Hutcheson. *Journal of Scottish Philosophy* 7(1): 87-102.

Henderson, Willie. 2004. A Very Cautious, or Very Polite, Dr. Smith? Hedging in the *Wealth of Nations*. *Adam Smith Review* 1: 60-81. [Link](#)

Kennedy, Gavin. 2009a. Adam Smith and the Invisible Hand: From Metaphor to Myth. *Econ Journal Watch* 6(2): 239-62. [Link](#)

Kennedy, Gavin. 2009b. A Reply to Daniel Klein on Adam Smith and the Invisible Hand. *Econ Journal Watch* 6(3): 374-88. [Link](#)

Kennedy, Gavin. 2010. The Centrality of the Invisible Hand in Smith's Books: Using a Metaphor as an Antidote to "Tiresome" and "Less Pleasant" Narrative Styles. Working paper, Social Science Research Network. [Link](#)

Klein, Daniel B. 2009. In Adam Smith's Invisible Hands: Comment on Gavin Kennedy. *Econ Journal Watch* 6(3): 264-79. [Link](#)

Klein, Daniel B. and Michael J. Clark. 2010. The Music of Social Intercourse: Synchrony in Adam Smith. *The Independent Review*, forthcoming. [Link](#)

Klein, Daniel B. and Brandon Lucas. 2010. In a Word or Two, Placed in the Middle: The Invisible Hand in Smith's Tomes. GMU Working Paper. [Link](#)

Lindgren, J. Ralph. 1969. Adam Smith's Theory of Inquiry. *Journal of Political Economy* 77(6): 897-915.

Minowitz, Peter. 2004. Adam Smith's Invisible Hands. *Econ Journal Watch* 1(3): 381-412. [Link](#).

Vaughn, Karen I. 1983. Invisible Hand. In *The New Palgrave* 2. London: Macmillan: 997-99.

Some books that we are apt to refer to:

Aydinonat, N. Emrah. 2008. The Invisible Hand in Economics: How Economists Explain Unintended Social Consequences. London: Routledge.

Brown, Vivienne. 1994. *Adam Smith's Discourse: Canonicity, Commerce, and Conscience*. London: Routledge.

- Copley, Stephen and Kathryn Sutherland, eds. 1995. *Adam Smith's Wealth of Nations: New Interdisciplinary Essays*. Manchester: Manchester University Press.
- Cropsey, Joseph. 2001. *Polity and Economy: With Further Thoughts on the Principles of Adam Smith*. South Bend: St. Augustine's Press.
- Evensky, Jerry. 2005. *Adam Smith's Moral Philosophy: A Historical and Contemporary Perspective on Markets, Law, Ethics, and Culture*. Cambridge: Cambridge University Press.
- Farrer, J. A. 1881. *Adam Smith*. NY: G.P. Putnam's Sons.
- Fleischacker, Samuel. 1999. *A Third Concept of Liberty: Judgement and Freedom in Kant and Adam Smith*. Princeton: Princeton University Press.
- Fleischacker, Samuel. 2004a. *A Short History of Distributive Justice*. Cambridge: Harvard University Press.
- Fleischacker, Samuel. 2004b. *On Adam Smith's Wealth of Nations*. Princeton: Princeton University Press.
- Fuller, Lon L. 1969. *The Morality of Law*. Revised edition. New Haven: Yale University Press.
- Ginzberg, Eli. 1934. *The House of Adam Smith*. New York: Columbia University Press.
- Griswold, Charles L., Jr. 1999. *Adam Smith and the Virtues of Enlightenment*. Cambridge: Cambridge University Press.
- Hamowy, Ronald. 2005. *The Political Sociology of Freedom: Adam Ferguson and F.A. Hayek*. Cheltenham: Edward Elgar.
- Hirst, Francis W. 1904. *Adam Smith*. London: Macmillan.
- Hollander, Samuel. *The Economics of Adam Smith*. 1973. Toronto: University of Toronto Press.
- Kennedy, Gavin. 2005. *Adam Smith's Lost Legacy*, Basingstoke: Palgrave Macmillan.
- Macfie, A. L. 1967. *The Individual in Society: Papers on Adam Smith*. London: George Unwin & Allen.
- Macpherson, Hector C. 1899. *Adam Smith*. Edinburgh: Oliphant, Anderson & Ferrier.
- Maitland, Frederic W. 2000 [written 1875]. *A Historical Sketch of Liberty and Equality*. Indianapolis: Liberty Fund.
- McCloskey, Deirdre. 2006. *The Bourgeois Virtues: Ethics for an Age of Commerce*. Chicago: University of Chicago Press.
- McCloskey, Deirdre N. 2010. *Bourgeois Dignity and Liberty: Why Economics Can't Explain the Modern World*. Chicago: University of Chicago Press.
- McLean, Iain. 2006. *Adam Smith, Radical and Egalitarian*. Palgrave MacMillan.
- Minowitz, Peter. 1993. *Profits, Priests, and Princes: Adam Smith's Emancipation of Economics from Politics and Religion*. Stanford: Stanford University Press.
- Muller, Jerry Z. 1993. *Adam Smith in His Time and Ours: Designing the Decent Society*. Princeton: Princeton University Press.
- Otteson, James. 2002. *Adam Smith's Marketplace of Life*. Cambridge: Cambridge University Press.
- Pack, Spencer J. 1991. *Capitalism as a Moral System: Adam Smith's Critique of the Free Market Economy*. Cheltenham: Edward Elgar Publishing.
- Pearl, Sandra J. and David M. Levy. 2005. *The 'Vanity of the Philosopher.'* Ann Arbor, MI: University of Michigan Press.

- Rae, John. 1895. *The Life of Adam Smith*. Reprint 1990, Bristol: Thoemmes.
- Raphael, D.D. 1985. *Adam Smith*. Oxford: Oxford University Press.
- Reeder, John, ed. 1997. *On Moral Sentiments: Contemporary Responses to Adam Smith*. Bristol: Thoemmes Press.
- Ross, Ian Simpson. 1995. *The Life of Adam Smith*. Oxford: Oxford University Press.
- Ross, Ian Simpson., ed. 1998. *On the Wealth of Nations: Contemporary Responses to Adam Smith*. Bristol: Thoemmes Press.
- Rothbard, Murray N. 1995. *Economic Thought Before Adam Smith (An Austrian Perspective on the History of Economic Thought, Vol. 1)*. Auburn, AL: Ludwig von Mises Institute, reissue 2006.
- Rothschild, Emma. 2001. *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge: Harvard University Press.
- Small, Albion W. 1907. *Adam Smith and Modern Sociology: A Study in the Methodology of the Social Sciences*. Chicago: University of Chicago Press (available in reprint).
- Smith, Craig. 2006. *Adam Smith's Political Philosophy: The Invisible Hand and Spontaneous Order*. London: Routledge.
- Stewart, Dugald. 1794. *Account of the Life and Writings of Adam Smith*. Reprinted in Adam Smith, *Essays on Philosophical Subjects*, ed. by W.P.D. Wrightman and J.C. Bryce. Reprint: Indianapolis: Liberty Fund, 1982.
- Teichgraber, Richard F., III. 1986. *'Free Trade' and Moral Philosophy: Rethinking the Sources of Adam Smith's Wealth of Nations*. Durham: Duke University Press.
- Viner, Jacob. 1972. *The Role of Providence in the Social Order*. Princeton: Princeton University Press.
- West, E.G. 1969. *Adam Smith: The Man and His Work*. New Rochelle: Arlington House.
- Winch, Donald. 1978. *Adam Smith's Politics: An Essay in Historiographic Revision*. Cambridge: Cambridge University Press.
- Young, Jeffrey T. 1997. *Economics as a Moral Science: The Political Economy of Adam Smith*. Cheltenham: Edward Elgar.